

WILKES, ARTIS, HEDRICK & LANE

CABLE ADDRESS: WILAN  
FAX: 202-457-7814

CHARTERED

ATTORNEYS AT LAW  
1888 K STREET, N. W.

SUITE 1100

WASHINGTON, D. C. 20006-2897

(202) 457-7800  
January 26, 1998

RAMSEY L. WOODWORTH  
(202) 457-7874

DOCKET FILE COPY ORIGINAL

BETHESDA, MARYLAND  
FAIRFAX, VIRGINIA  
GREENBELT, MARYLAND

RECEIVED

JAN 26 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**Re:** In re Applications of WorldCom, Inc. and MCI  
Communications Corp. for Transfer of Control  
of MCI Communications Corp.

In re GTE Service Corporation Motion to Dismiss  
Applications of WorldCom, Inc. and MCI  
Communications Corp. for Transfer of Control of  
MCI Communications Corp.;  
**CC Docket No. 97-211**

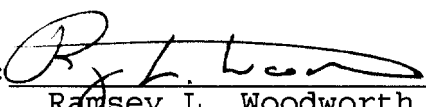
Dear Ms. Salas:

On behalf of The United States Internet Providers  
Association ("USIPA"), we hereby enclose one (1) original plus  
twelve (12) copies of the Response of USIPA filed in response to  
the Commission's Public Notice (DA 97-2494, released November 25,  
1997) regarding the above-referenced applications. This Response  
further responds to GTE's Motion to Dismiss the above-referenced  
applications (see Public Notice, DA 98-49 released January 12,  
1998). In addition, we attach a 3.5" floppy disk containing the  
filing in WordPerfect for Windows version 5.1 format.

If there are any questions with respect to this filing,  
please contact the undersigned counsel at 202-457-7874.

Respectfully submitted,

WILKES, ARTIS, HEDRICK & LANE,  
Chartered

By:   
Ramsey L. Woodworth  
Rudolph J. Geist

Attorneys for the United States  
Internet Providers Association

Enclosures

No. of Copies rec'd 0 + 13  
List A B C D E CCB

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

RECEIVED

JAN 26 1998

In the Matter of )  
 )  
Applications of WorldCom, Inc. )  
and MCI Communications Corp. )  
for Transfer of Control of )  
MCI Communications Corp.; )  
 )  
GTE Service Corporation )  
Motion to Dismiss Applications )  
of WorldCom, Inc. and )  
MCI Communications Corp. for )  
Transfer of Control of )  
MCI Communications Corp. )

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

CC Docket No. 97-211

To: The Commission

**RESPONSE OF THE UNITED STATES INTERNET PROVIDERS  
ASSOCIATION**

The United States Internet Providers Association ("USIPA"), pursuant to the Commission's Public Notice of November 25, 1997, DA 97-2494, respectfully submits the following response to various comments, petitions and other related documents filed in the above-captioned proceeding which address the proposed merger of MCI Communications, Inc. and WorldCom, Inc.

USIPA represents the interests of the Internet service provider ("ISP") industry, consisting of over 4,500 competitive ISPs in the United States. USIPA's membership is open to all ISPs, including both national Internet backbone providers ("IBPs"), and national, regional and

local ISPs who provide Internet interconnectivity and access services. USIPA seeks to facilitate deployment of advanced Internet services to all segments of the public through the advocacy and development of policies that will provide for the fair representation of the ISP industry within the overall telecommunications landscape.

USIPA is highly concerned that if MCI and WorldCom are permitted to merge their current substantial IBP operations, there will be a severe imbalance in control of the overall Internet by the post-merger entity. With an approximate 60% share of the Internet backbone market, and substantial control over other major Internet facilities, MCI/WorldCom will potentially have the ability to abuse its market power by decreasing and increasing prices at will to eliminate IBP competitors, and reduce the quality of service thereby establishing bottleneck control over ISPs and the Internet.

The Commission must take every available step to ensure that the evolution of the new Internet industry will not be hampered by such a powerful monolith. USIPA thus specifically fully supports the Petition to Deny and Request for Hearing filed by Simply Internet in this proceeding, and further supports numerous other commenters who have requested that the Commission deny the merger and/or dismiss the application.<sup>1</sup>

---

<sup>1</sup> See Comments of Bell Atlantic, GTE Service Corporation, BellSouth Corporation, Inner City Press/Community on the Move, American Federation of Labor and Congress of Industrial Organizations, Communications Workers of America.

USIPA specifically supports the request of GTE for permission to examine all documents in the FCC's possession related to the transaction which WorldCom and MCI have provided to the Department of Justice ("DOJ") under the Hart-Scott-Rodino amendment to the Clayton Act ("HSR").<sup>2</sup> Further, in the event the FCC has not to date obtained any of these documents, USIPA requests that the FCC condition its review of the above-referenced application on waiver by MCI and WorldCom of all confidentiality privileges provided under HSR, and obtain all pertinent documents and information from the DOJ related to MCI and WorldCom's current Internet interests and operations for inspection by the parties to this proceeding. Permitting interested parties to this proceeding to inspect these documents will facilitate the Commission's review and provide an opportunity for interested parties to further substantiate their claims regarding MCI and WorldCom's IBP market share and potential for market power abuses.

Additionally, USIPA supports GTE's Motion to Dismiss the applications.<sup>3</sup> MCI and WorldCom have not provided sufficient relevant product and geographic market information in their applications with respect to: (1) their market control over nationwide Internet fiber optic backbone facilities and Internet backbone connections to ISPs; and

---

<sup>2</sup> Hart-Scott-Rodino Antitrust Improvements Act, 15 U.S.C. § 18a (1996 Supp.).

<sup>3</sup> GTE Motion to Dismiss, filed January 5, 1998.

(2) their market control over nationwide Internet points-of-presence ("POPs") and national ISP customers that lease the POPs. MCI and WorldCom have also failed to provide information regarding their existing IBP competitors and how a combined MCI/WorldCom with substantial market power will effect those competitors, their ISP customers, and end-user Internet consumers.

Because of the substantial and material antitrust and public interest questions raised by these applications and the dearth of information available to the Commission and interested parties at this point, USIPA urges the Commission to open an additional full public comment cycle in this proceeding to allow parties to respond to any additional information provided by MCI and WorldCom in the reply stage of this comment cycle. This will also provide for a significantly expanded record of information available to interested parties and the Commission. Further, because of the potentially permanent ramifications of this proposed merger on the development of a competitive Internet industry, USIPA urges that the Commission hold hearings to flush out all relevant issues in their entirety, as was requested by other parties to this proceeding.<sup>4</sup>

USIPA further specifically requests that the Commission pay careful attention to the potential for abuse of market power by MCI/WorldCom by virtue of their substantial control over Internet Protocol ("IP") address space. The tied

---

<sup>4</sup> See Comments of Simply Internet.

relationship between IBP services and IP address space gives the IBP very substantial power over the ISP. IP address allocations are key to the ability of any ISP to maintain routability of its traffic over the global Internet. An IP number is the equivalent of a "host" address on the Internet and is what allows the host to be located. IP block allocations are strictly controlled by the American Registry for Internet Numbers ("ARIN"),<sup>5</sup> and are extremely difficult to obtain.<sup>6</sup> As a result, the vast majority of ISPs are forced to "borrow" IP block allocations from an "upstream" Internet backbone provider when they purchase Internet backbone connectivity. Unlike ISPs, the IBPs, and particularly MCI and WorldCom, have ownership over very substantial IP block allocations for their own use.

In order for an ISP to switch its IBP, it must give up the "borrowed" IP address block which it was allocated by the IBP along with its Internet backbone connection. Losing its existing IP address block requires an ISP to completely renumber its network with a different IP address block obtained from its new IBP. Renumbering is an extremely complex, time consuming, and delicate process in which not only is the ISP required to renumber its own servers, but is also required to assign new IP addresses to all its customers who have been in some manner assigned IP address

---

<sup>5</sup> See <http://www.arin.net/>.

<sup>6</sup> According to industry sources, less than 10% of all ISPs have ownership over their own routable IP blocks.

space, including DNS, virtual hosting, point-to-point connectivity, etc. Renumbering may take days or weeks, depending on the complexity of the network and/or number of affected customers. Down-time places ISPs in substantial danger of disruption and customers losses, and creates a flux of customer service problems and expense. All the problems associated with renumbering is a very significant reason for an ISP to never disconnect from its IBP.

As this proposed merger would create a post-merger MCI/WorldCom with 60% of the IBP market potentially permanently tied to its Internet backbone service as a result of its ownership over IP address allocations, there is a very substantial chance that this post-merger company would have the incentive to abuse its market power and raise prices on its ISP customers, who would likely be forced to "stay connected" or face the uphill and highly disfavored challenge of renumbering. The Commission should carefully investigate this very important network issue and its relationship to the potential for abuse of market power in its review of the above-referenced applications.

**Conclusion**

Therefore, USIPA supports the comments of other parties in this proceeding as discussed and respectfully requests that the Commission deny the proposed merger of MCI and WorldCom.

Respectfully submitted,

UNITED STATES INTERNET  
PROVIDERS ASSOCIATION

By:

\_\_\_\_\_  
Ramsey L. Woodworth

\_\_\_\_\_  
Rudolph J. Geist

WILKES, ARTIS, HEDRICK & LANE,  
Chartered  
1666 K Street, N.W. Suite 1100  
Washington, D.C. 20006  
(202) 457-7345

Its Attorneys

January 26, 1998

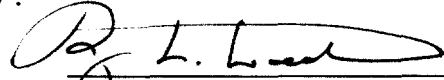
**Conclusion**

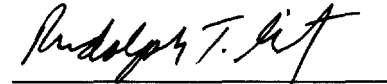
Therefore, USIPA supports the comments of other parties in this proceeding as discussed and respectfully requests that the Commission deny the proposed merger of MCI and WorldCom.

Respectfully submitted,

UNITED STATES INTERNET  
PROVIDERS ASSOCIATION

By:

  
\_\_\_\_\_  
Ramsey L. Woodworth

  
\_\_\_\_\_  
Rudolph J. Geist

WILKES, ARTIS, HEDRICK & LANE,  
Chartered  
1666 K Street, N.W. Suite 1100  
Washington, D.C. 20006  
(202) 457-7345

Its Attorneys

January 26, 1998

**CERTIFICATE OF SERVICE**

I, Rudolph J. Geist, hereby certify that a copy of the foregoing "Response of the United States Internet Providers Association" was served this 26th day of January 1998, by first-class, postage prepaid mail to the following:

Andrew Lipman  
Swidler & Berlin, Chtd.  
Attorneys for WorldCom, Inc.  
3000 K Street, N.W.,  
Suite 300  
Washington, D.C. 20007

Catherine R. Sloan  
WorldCom, Inc.  
1120 Connecticut Avenue, N.W.  
Washington, D.C. 20007

Michael H. Salsbury  
MCI Communications Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006-3606

Howard J. Aibel, Esq.  
Attorney for Shareholders of  
MCI Communications Corp.  
Leboeuf, Lamb, Greene & McCrae, L.L.P.  
125 W. 55<sup>th</sup> Street  
New York, NY 10019-5389

Alan Y. Naftalin  
Koteen & Naftalin L.L.P.  
Attorneys for Telstra Corp.  
1150 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Richard E. Wiley  
Wiley, Rein & Fielding  
Attorneys for GTE Service Corp.  
1776 K Street, N.W. 20006

Matthew Lee  
Inner City Press/Community on the Move  
1919 Washington Avenue  
Bronx, NY 10457

John J. Sweeney  
AFL/CIO  
815 16<sup>th</sup> Street, N.W.  
Washington, D.C. 20006

George Kohl  
Communications Workers of America  
501 Third Street, N.W.  
Washington, D.C. 20001-2797

John Thorne  
Bell Atlantic  
1320 North Court House Road  
8<sup>th</sup> Floor  
Arlington, VA 22201

William Barfield  
BellSouth Corporation  
Suite 1800  
1155 Peachtree Street, N.E.  
Atlanta, GA 30309-3610

Thoma A. Hart, Jr.  
Ginsburg, Feldman and Bress, Chtd.  
Attorneys for TMB Communications, Inc.  
1250 Connecticut Avenue, N.W.  
Washington, D.C. 20036

David Honig  
Attorney for Rainbow/Push Coalition  
3636 16<sup>th</sup> Street, N.W.  
Suite B-366  
Washington, D.C. 20010

Andrew Schwartzman  
Media Access Project  
(United Church of Christ)  
1707 L Street, N.W.  
Suite 400  
Washington, D.C. 20036

Rudolph J. Geist  
Wilkes, Artis, Hedrick & Lane  
Attorneys for Simply Internet  
1666 K Street, N.W.  
Washington, D.C. 20006



---

Rudolph J. Geist